

Message Text

UNCLASSIFIED

PAGE 01 CANBER 05968 180848Z

22

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 INT-05 FEA-01 /083 W

----- 031491

R 180757Z AUG 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 8775

INFO AMEMBASSY WELLINGTON

AMEMBASSY TOKYO

USMISSION OECD PARIS

AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

AMCONSUL PERTH

AMEMBASSY PORT MORESBY

UNCLAS CANBERRA 5968

E.O. 11652: N/A

TAGS: EFIN, EGEN, AS

SUBJ: FY-1977 AUSTRALIAN GOVERNMENT BUDGET-PRELIMINARY SUMMARY

1. THIS IS PRELIMINARY SUMMARY OF MAIN NUMBERS IN 1977 GOA BUDGET INTRODUCED IN PARLIAMENT AUGUST 17. DETAILED ANALYSIS WILL FOLLOW SEPTTEL.

2. BUDGET PROVIDES FOR TOTAL EXPENDITURE OF A\$24,321 MILLION (11 PERCENT OVER FY1976) AND TOTAL REVENUE OF A\$21,713 MILLION (19 PERCENT OVER FY 1976). TOTAL DEFICIT A A\$2,608 MILLION, ABOUT A\$1 BILLION LOWER THAN PREVIOUS YEAR.

3. ABOVE AVERAGE INCREASES IN EXPENDITURE FOR DEFENSE (18PERCENT), EDUCATION AND SOCIAL WELFARE. ACTUAL REDUCTIONS IN EXPENDITURE LEVEL FOR HEALTH, HOUSING AND COMMUNITY DEVELOPMENT.

4. SHARP REDUCTION IN DEFICIT ACCOMPLISHED DESPITE SUBSTANTIAL TAX UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CANBER 05968 180848Z

REDUCTIONS THROUGH INDEXATION OF PERSONAL INCOME TAX, INTRODUCTION

OF INFLATION ADJUSTMENT FOR STOCK VALUATION IN CORPORATE TAXES,
25 PERCENT REDUCTION IN COAL EXPORT LEVY, ELIMINATION
OF A\$2 PER BARREL LEVY ON NEW OIL PRODUCTION.
5. IMPORTANT TAX CONCESSIONS INTRODUCED FOR
MINING INDUSTRY, INCLUDING ACCELERATED DEPRECIATION, EXTENSION
OF ALLOWABLE CAPITAL EXPENDITURES TO PORTS AND HARBORS,
AND PROVISION THAT EXPENDITURE FOR PETROLEUM EXPLORATION AND
CAPITAL DEVELOPMENT DEDUCTABLE AGAINST INCOME FROM ANY SOURCE.

6. OVERSEAS AID INCREASED 14.6 PERCENT TO A\$400 MILLION WITH
A\$228 MILLION PAPUA NEW GUINEA AND A\$26 MILLION FOR INDONESIA.

7. UNDERLYING ECONOMIC PREMISES OF BUDGET ARE 1977 INFLATION
AVERAGING 12 PERCENT, MONEY SUPPLY GROWTH (M3) OF 10-12 PERCENT,
LABOR FORCE GROWTH OF 2 PERCENT AND APPROXIMATE 4 PERCENT GROWTH
IN NON-FARM GDP.

8. BUDGET AND TREASURER'S INTRODUCTORY SPEECH PUT TOTAL
PRIORITY ON REDUCTION OF INFLATION RATE, ACKNOWLEDGING
THAT CONTRACTION OF PUBLIC SECTOR, ACCOMPANYING DECLINE IN REAL
GOVERNMENT SPENDING WILL NOT ABATE UNEMPLOYMENT IN SHORT-RUN.
INITIAL RECEPTION BY BUSINESS COMMUNITY GENERALLY FAVORABLE,
DESPITE GROWING CONCERN OVER PROSPECT OF FURTHER DECLINE IN
CONSTRUCTION INDUSTRY, AND CONTINUING CONCERN IN MANY QUARTERS OVER
WHETHER PREOCCUPATION WITH DEFICIT SHOULD NOT BE TEMPERED WITH
MODEST STIMULATORY MEASURES. OPPOSITION AND LABOR LEADERSHIP
HIGHLY CRITICAL OVER PROSPECT OF CONTINUING HIGH UNEMPLOYMENT AND
REDUCTION IN REAL WAGES THROUGH PARTIAL INDEXATION.
HARGROVE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, GOVERNMENT EXPENDITURES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CANBER05968
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760316-0743
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760844/aaaablog.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by ReddocGW>; APPROVED <21 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY-1977 AUSTRALIAN GOVERNMENT BUDGET-PRELIMINARY SUMMARY
TAGS: EFIN, EGEN, AS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006